

Major Market Indicators

	20 Jun	19 Jun	18 Jun
Mkt. Turn.(mn)	103,600	112,800	92,300
Stock Advances	562	1,092	751
Stock Declines	1,047	550	833
HSI	18,335	18,430	17,916
Change	-95	+515	-21

HSI Technical Indicators

10-days MA	18,163
50-days MA	18,041
250-days MA	17,580
14-days RSI	51.57
Primary resistance	18,600
Primary support	18,200

HSCEI Technical Indicators

10-days MA	6,456
50-days MA	6,391
250-days MA	6,059
14-days RSI	42.69
Primary resistance	6,800
Primary support	6,400

Stock Pick

CGN Power (1816)

Target: \$3.6

Stop loss: \$3

According to historical data, the annual social electricity consumption peak is basically consistent with the occurrence of high temperature weather, both occurring in July-August. As industrial production improves this year, electricity consumption may further increase in hot weather. Driven by these two factors, the growth of electricity consumption this year may accelerate. President Xi Jinping hosted a meeting of business and industry experts in Shandong at the end of last month to discuss issues related to deepening the reform of the mainland's power industry. There may be further news at the Third Plenary Session of the CPC Central Committee.

HKEX (388)

Target: \$303

Stop loss: \$236

Recent initiatives announced by the China Securities Regulatory Commission, such as the expansion of eligible ETFs and the inclusion of Real Estate Investment Trusts in Stock Connect, the addition of RMB-denominated stocks in Southbound Stock Connect, as well as supporting leading Mainland companies to list in Hong Kong. Although these measures may not have a great impact in the short term, there maybe stimulating effect on the average daily trading volume when the market sentiment further improves.

China Coal (1898)

Target: \$10.8

Stop loss: \$8.6

China Coal has proposed a special dividend of RMB 0.113 per share. The market has reacted positively, as the company's dividend payout ratio has ranged between 20% to 35% since 2016. In comparison, its peer Shenhua had a 70% payout ratio last year. This proposed dividend by China Coal may indicate the possibility of increased dividends in the future. The State Council further study incorporating market value management into the performance evaluations of central enterprise leaders. State-owned enterprises have previously responded positively, stating that they will actively engage in value management and value delivery activities. They will regularly use market value management tools to maintain company value and enhance shareholder returns.

Market Overview

Economic data released earlier on Thursday showed that the U.S. economy is slowing, with initial jobless claims coming in at 238,000, above the 235,000 expected. In addition, housing starts fell 5.5% in May. However, many Fed officials have expressed caution about cutting interest rates too early, hoping to find more evidence that inflation is under control before the Fed agrees to loosen monetary policy. Minneapolis Fed President Neel Kashkari said Thursday in a speech at the Michigan Bankers Association's annual convention that wage growth is too high to get inflation back to the 2% target at this time.

Hong Kong Stock Connect had a net inflow of HK\$7.53bn on Thursday, of which Tracker Fund (2800) had the largest net inflow, reaching HK\$1.89bn; followed by CNOOC (883). Sciclone (6600) recorded the largest net outflow at HK\$0.29bn, followed by SMIC (981).

Daily Focus

Lenovo (992): Benefit from the accelerated demand momentum

- During the fiscal year, the Group encountered a setback of 8% in revenue and 37% in net profit, primarily driven by broad market weaknesses in the first half of the period under review. However, demand momentum accelerated in the latter half of the year. In the fourth fiscal quarter, the Group experienced a robust recovery, with sales grew by 9%. NI grew by 118% yoy to USD248mn.
- The Solutions and Services Group (SSG), serving as a structural growth engine. Segment profit rose 11% yoy, constituting 35 percent of the Group's combined segment profit across its three business groups. Intelligent Devices Group (IDG) remained a strong leader in market share and profitability, with its global market share improved by 50bps yoy, driven by gains across four out of five geographical markets. Its segment profitability remained robust at 7.1 percent, firmly within the upper range of its historical trend. However, the industry-wide challenges, including a shift in demand towards AI causing a short-term supply-side disruption, weighed on Infrastructure Solutions Group's (ISG) performance, leading to a segment loss for the full year. Nevertheless, its efforts in customer acquisition and portfolio expansion facilitated a turnaround, with sales rebounding to positive double-digit growth in the final fiscal quarter, setting the stage for future profitability improvement.
- The strategic cooperation framework agreement signed with the Saudi Sovereign Wealth Fund will open up the Middle East and Africa (MEA) market. Most of the countries in the MEA region are developing countries, and there is a huge demand gap in infrastructure, computing power and enterprise services. The MEA Region continues to see strong growth momentum fueled by an increasing number of large-cap projects and its strong economies, with the region's IT and Business Services market size expected to reach US\$38 billion by 2027, according to estimates by the International Data Corporation. The cooperation is expected to effectively provide overseas growth opportunities for the Company's ISG and SSG.

Lenovo (992): Info	
Closed price	12.04
FY24 P/E (X)	14.42
FY24 Dividend yield (%)	3.11
52 week high	12.26
52 week low	7.23
14 RSI	65.93

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	53.06	51.18	74.53
Balance as % of Quota Amount	16.4	12.8	88.7

Top 10 Most Actively Traded Stocks(SH-HK Connect Southbound)

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TRACKER FUND	2800	1,281,370,395	11,329,440	1,292,699,835
TENCENT	700	693,214,780	484,677,128	1,177,891,908
CNOOC	883	528,860,200	577,122,000	1,105,982,200
SMIC	981	468,782,110	458,646,944	927,429,054
CHINA MOBILE	941	346,347,150	426,022,650	772,369,800
MEITUAN-W	3690	288,041,920	340,614,726	628,656,646
KUAISHOU-W	1024	333,019,680	209,106,025	542,125,705
ICBC	1398	403,506,810	130,514,370	534,021,180
CCB	939	350,609,760	96,891,310	447,501,070
CHINA SHENHUA	1088	224,295,550	200,951,575	425,247,125

Sources: HKEx

Top 10 Most Actively Traded Stocks(SZ-HK Connect Southbound)

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CNOOC	883	1,386,980,650	685,457,344	2,072,437,994
TENCENT	700	707,430,160	327,595,040	1,035,025,200
ICBC	1398	432,109,850	408,489,130	840,598,980
CHINA MOBILE	941	453,450,150	310,232,900	763,683,050
MEITUAN-W	3690	447,701,710	208,155,937	655,857,647
TRACKER FUND	2800	616,743,440	1,454,610	618,198,050
SMIC	981	245,607,440	315,077,290	560,684,730
KUAISHOU-W	1024	213,045,580	334,210,022	547,255,602
SCICLONE PHARMA	6600	11,543,600	309,682,510	321,226,110
CHINA SHENHUA	1088	284,809,375	19,713,725	304,523,100

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TRACKER FUND	2800	-0.53%	18.71	9.534
TENCENT	700	-0.36%	387.60	5.459
HSCEI ETF	2828	-0.45%	67.02	2.952
CNOOC	883	3.52%	23.50	2.893
MEITUAN-W	3690	-1.24%	119.90	2.512
KUAISHOU-W	1024	-5.17%	49.50	2.340
ICBC	1398	0.66%	4.58	2.105
CSOP HS TECH	3033	-1.91%	3.70	1.979
BABA-SW	9988	-1.08%	73.40	1.794
SMIC	981	1.49%	19.14	1.766

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TENCENT	00700.HK	610.82M	2.96B	20.61%
TRACKER FUND	02800.HK	517.46M	4.43B	11.68%
KUAISHOU-W	01024.HK	389.11M	1.43B	27.16%
ICBC	01398.HK	372.71M	1.14B	32.71%
CSOP HS TECH	03033.HK	306.91M	914.68M	33.55%
CCB	00939.HK	291.17M	1.03B	28.15%
MEITUAN-W	03690.HK	256.55M	1.24B	20.65%
BANK OF CHINA	03988.HK	255.35M	672.77M	37.96%
CNOOC	00883.HK	206.40M	1.40B	14.71%
XIAOMI-W	01810.HK	163.92M	804.73M	20.37%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	China	May. Industrial Production (YoY)	6.1%	6.7%
	Hong Kong	May. Retail Sales (YoY)	3.0%	2.3%
Tue		May. Fixed Assets Ex Rural YTD (YoY)	4.2%	4.2%
	US	May. Retail Sales Advance (MoM)	0.3%	0.0%
		May. Industrial Production (MoM)	0.4%	0.0%
	Euro Zone	May. CPI (YoY) Final		
		May. CPI (MoM) Final		0.2%
	China	May. Core CPI (YoY) Final		2.9%
Wed	US	Market will close (Juneteenth Day)		
Thu	US	Initial Jobless Claims (Till Jun 15)		242k
		Continuing Jobless Claims (Till Jun 8)		1,820k
		May. Housing Starts	1,375k	1,360k
		May. Building Permits	1,460k	1,440k
		Jun. Philadelphia Fed Business Outlook	4.5	4.5
	UK	BOE Monetary Policy Meeting		
	China	5-Year Loan Prime Rate	3.95%	3.95%
		1-Year Loan Prime Rate	3.45%	3.45%
Fri	US	Jun. S&P Global Manufacturing PMI	51.0	51.3
		Jun. S&P Global Services PMI	53.4	54.8
		May. Existing Home Sales	4.10m	4.14m
	Euro Zone	Jun. HCOB Manufacturing PMI		47.3
		Jun. HCOB Services PMI		53.2

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